(c) Does not arise.

Trading in Government securities

1984. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that bulk of profits generated by nationalised banks during 2001-2002 is due to trading of Government securities;

(b) if so, the profit generated by each of the nationalised bank due to trading in Government securities and that otherwise in each case;

(c) in what manner the nationalised banks have been able to generate profits due to trading in Government securities in view of the slump in share market in India as well as abroad; and

(d) whether RBI has satisfied itself that the nationalised banks have not indulged in syndication to show profit for trading in Government securities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir. The profits of nationalised banks due to securities trading during 2001-02 constituted only 35.71 per cent of their total operating profits.

(b) The details of profits of nationalised banks due to securities trading and their total operating profits during the year 2001-02, bank-wise, are given in the statement enclosed. (*see* below)

(c) Investments in Government securities constitute a considerable portion of assets of the nationalised banks in India. With general softening of interest rates since the late 1990, yield to maturity (YTM) on Government and other approved securities has declined substantially. As the YTM and security prices are inversely related, a fall in YTM generally results in an increase in security price and *vice versa*. On a point-to-point basis, the fall in YTM during 2001-02 was more than 300 basis points which had substantially boosted the profits of all the banks.

(d) According to Reserve Bank of India there is nothing on record to establish that the nationalised banks had resorted to speculative trading.

Statement

Profits due to securities trading and total operating profit during the year 2001-02

(Rupees in crores)

Sl.No.	Name of the Bank	Profits due to Securities Trading	Total Operating Profits
1.	Allahabad Bank	193.03	407.98
2.	Andhra Bank	136.02	425.38
3.	Bank of Baroda	415.38	1309.26
4.	Bank of India	427.04	1408.45
5.	Bank of Maharashtra	167.00	415.04
6.	Canara Bank	662.81	1656.24
7.	Central Bank of India	317.80	704.36
8.	Corporation Bank	135.10	622.94
9.	Dena Bank	201.34	335.40
10.	Indian Bank	226.27	307.15
11.	Indian Overseas Bank	257.38	616.36
12.	Oriental Bank of Commerce	310.58	917.09
13.	Punjab and Sind Bank	126.22	163.70
14.	Punjab National Bank	437.91	1473.80
15.	Syndicate Bank	73.85	355.24
16.	UCO Bank	346.36	475.98
17.	Union Bank of India	159.84	869.24
18.	United Bank of India	281.25	237.16
19.	Vijaya Bank	90.17	252.51
	TOTAL	4965.35	12953.28

Relaxation in foreign borrowing norms

1985. SHRI B. J. PANDA:
MISS MABEL REBELLO:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) what is the proposed policy of relaxation in foreign borrowing norms for domestic firms;